INDUSTRY UPDATE

Canadian Unit Retail Sales

Product	1988	1989E	1990F
Tractors, 2WD			
Under 40 HP	4,207	3,929	3,891
40-99 HP	9,344	8,497	8,794
100 HP & over	2,333	2,910	3,061
Tractors, 4WD			
Under 200 HP	629	750	810
200 HP & over	708	907	987
All Ag Tractors	17,221	16,993	17,543
Front-wheel-assist tractors			
Under 40 HP	3,466	3,325	3,324
40-99 HP	5,141	4,830	4,958
100 HP & over	1,441	1,825	1,919
Combines, S-P	1,197	1,492	1,726
Combines, P-T	261	600	495
Swathers, S-P	1,121	991	1,060
Swathers, P-T	1,157	1,380	1,400
Round Balers	3,637	3,949	4,097
Rect. Balers	1,444	1,413	1,436
Forager Harvesters	573	548	563
Mower-Conditioners	2,967	3,212	3,198

Canadian Manufacturers See Improvement In 1990

Canadian farm equipment manufacturers anticipate general improvement in unit sales for 1990. Sales in most major categories picked up substantially in 1989, according to a report issued by the Canadian Farm & Industrial Equipment Institute.

The Canadian forecasters anticipate modest sales increases for moldboard plows, chisel plows, disk harrows, grain drills and unit planters. Manure spreaders are expected to increase substantially.

Sales through October. CFIEI's monthly retail sales report for October showed sales of tractors over 100 hp up by 35 percent for the first 10 months to 2,483 units, but other tractor categories were down. Tractors of from 40 to 99 hp were off 17 percent at 6,446 units, largely attributed to dairymen's concerns about milk prices in 1990.

Combine sales were up substantially. Pull-type units rose 172 percent to 605 for the year; self-propelled models were up 41 percent to 1,394.

Round balers: up 9 percent to 3,629 units; rectangulars: down 3 percent to 1,305. Self-propelled swathers: down 17 percent to 873; pull-types, up 21 percent to 1,353. Mower-conditioners: up 7 percent to 2,935 units.

MF to Sell Majority Share of Landini

Massey-Ferguson Group will sell a majority of its total ownership of Landini Div., its tractor-making subsidiary at Fabbrico, Italy. The new company will be Massey-Ferguson Commerciale SpA with majority ownership held by Euro-Belge SA of Luxembourg. Sale price and the percentage of MF's minority holding were not disclosed.

Landini has sales of about $75 million annually. It makes wheel and crawler tractors as well as special models for orchards and vineyards under its own name and will continue to supply Massey under the MF label.

NAEDA Forms Dealer Financial Service Firm

The North American Equipment Dealers Assn. is establishing a company to finance farm, industrial and outdoor power equipment retail sales by member dealerships. It will operate in the U.S. and Canada.

Called NAEDA Financial Services, Inc., it will operate as a cooperative. Shareholders will include NAEDA Services, Inc., North American Benefit Administrators, Inc., and NAEDA's 31 North American affiliated associations. In addition, dealer users will be required to purchase qualifying interests. The new firm will enter into a joint venture with Valmont Financial Corp. to deliver the finance program to dealers' customers.

BRIEFLY...

Simplicity Mfg., Inc., Port Washington, Wis., has purchased Middlesworth Engineering & Mfg., Inc., Greentown, Ind. Middlesworth produced a line of commercial grass cutting machines and had sales last year of about $500,000. Tom Middlesworth, founder of the acquired company, will join Simplicity in a senior engineering position.

November U.S. Retail Sales: Surge in Big Tractors

U.S. retail sales in November were up in all categories except tractors under 40 hp and mower conditioners. Big surges were noted in the high-horsepower tractor brackets and in combines. According to the Equipment Manufacturers Institute flash report, total tractor volume is almost dead even with the 1988 level. Combines and other hay tools are substantially ahead for the year.

UNIT RETAIL SALES

	November			January-November		
Equipment	1989	1988	% Change	1989	1988	% Change
Farm Wheel Tractors:						
2-Wheel Drive						
Under 40 HP	2,484	2,771	(10.4)	44,534	51,477	(13.5)
40 & Under 100 HP	2,373	2,333	1.7	32,285	30,705	5.1
100 & Under 140 HP	358	248	44.4	4,604	3,855	19.4
140 HP & Over	1,358	852	59.4	13,538	10,470	29.3
Total 2-Wheel Drive	**6,573**	**6,204**	**5.9**	**94,961**	**96,507**	**(1.6)**
4-Wheel Driver						
Under 200 HP	95	94	1.1	1,084	875	23.9
200 HP & Over	300	141	112.8	2,682	1,560	71.9
Total 4-Wheel Drive	**395**	**235**	**68.1**	**3,766**	**2,435**	**54.7**
Total Farm Wheel Tractors	**6,968**	**6,439**	**8.2**	**98,727**	**98,942**	**(.2)**
Combines (Self-Propelled)	965	609	58.5	8,098	5,106	58.6
Rectangular Balers (Bales under 200 lbs.)	237	225	5.3	6,930	5,581	24.2
Forage Harvesters (Shear Bar Type)	167	158	5.7	2,685	2,335	15.0
Mower Conditioners	368	444	(17.1)	12,812	10,642	20.4

Fiat Forms Hesston Credit Corporation

Fiat has formed Hesston Credit Corp., an independent subsidiary to provide Hesston dealers and their customers a full range of equity and standard finance programs as well as lease arrangements on Hesston equipment. The operation is based at Hesston's headquarters, 245 E. North Ave., Carol Stream, Ill.

Larry G. Landis has been named general manager and chief operating officer.

EMI to Fund Study On Small Unit ROPS

The Equipment Manufacturers Institute has contracted with Triodyne, Inc., Niles, Ill., a mechanical engineering consulting firm, to study the feasibility of redefining the operator clearance zone for rollover protective structures on small tractors.

Almost all big farm tractors used in open fields have ROPS, offered as an option for over 20 years and provided as standard equipment since 1985. However, small tractors often are used in low overhead clearance situations such as yardwork, orchards, vineyards, and in and around farm buildings. Such low-clearance situations, says EMI, are prominent reasons for tractor owners and users to reject or remove ROPS from tractors.

ROPS have helped reduce injuries and deaths resulting from rollovers, present industry standards for them apply only to tractors over 20 hp. Triodyne is to conduct a study of present literature regarding the setting of minimum protective clearances and determine if there is sufficient safety data to set a new clearance zone or zones for ROPS on small tractors.

The EMI Safety Advisory Committee, which authorized the research, says it hopes a proposal for a new ROPS standard can be promulgated which will lead to basic protection for small tractor operators while providing convenience in low clearance situations.

EMI also reported that it is preparing to sign research contracts to produce information relative to alternatives for field equipment lighting, marking and turn signals, as well as seeking new ways to predict safety-related behavior and determining the most effective means of reinforcing or modifying such behavior.

Dr. Dale Baker (J I Case Co.), chairman of EMI's Ag Safety Research Committee, said Case is funding an extensive literature search program to assemble all literature available on safety-related operator behavior. When completed, the information will be made available to all EMI member companies and the safety community.

Marshall Tractors Quits Production

Marshall Tractors, a part of Britain's Bentall Group, has quit production of the Marshall line of wheel tractors, bringing to an end the line known variously as Nuffield, Leyland and then Marshall. But the Marshall brand name will continue as the Scunthorpe, England, operation will market the Austrian Steyr tractor line under its own logo.

In the 1960s and 1970s, several thousand Nuffield and Leyland tractors were sold in the U.S., mostly in eastern and southeastern states. At one time, Long Mfg. N.C. marketed Leyland tractors under the Long trade name.

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OPE: 1-on-1 Retailing at Its Best Page 12

IMPLEMENT & TRACTOR

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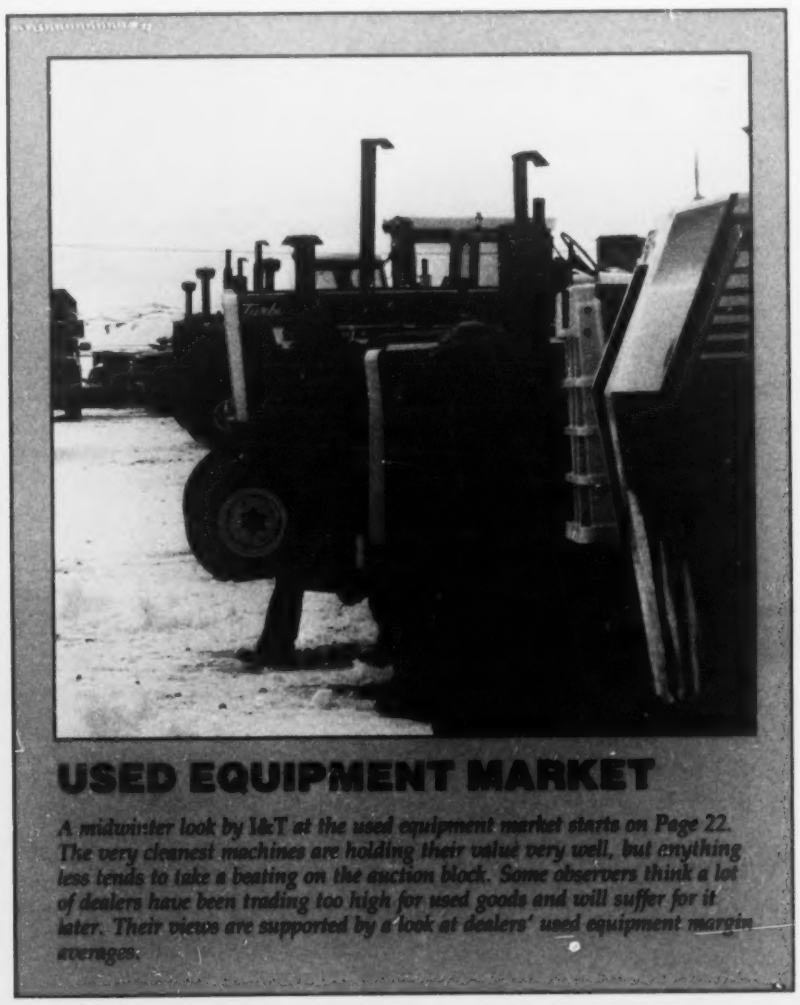

USED EQUIPMENT MARKET

A midwinter look by I&T at the used equipment market starts on Page 22. The very cleanest machines are holding their value very well, but anything less tends to take a beating on the auction block. Some observers think a lot of dealers have been trading too high for used goods and will suffer for it later. Their views are supported by a look at dealers' used equipment margin averages.

Equipment Marketers See Increases in 1990

By BILL FOGARTY

MARKETERS met in San Diego last month to forecast 1990 and for the first time in many years, nobody was anticipating an overall retail sales decline.

The Equipment Manufacturers Institute gathered predictions from 30 field equipment and 23 farmstead equipment firms—and none of them expected the industry's across-the-board retail dollar volume to be less this year than last year.

Of the 30 field equipment makers, 26 saw retail volume going up a range of 3.5 to 16 percent and the other four saw no change from 1989. The median: **an increase of 7 percent.**

Of the 23 farmstead equipment firms, only one expects no change from 1989. The others predicted increases of 3 to 10 percent. The median: **an increase of 5 percent.**

Unit sales forecasts:

Tractors under 40 hp: No change from 1989's 46,728 units, either in 1990 or 1991. The range among nine participants was from up 4 percent to down 9 percent in 1990; up 5 percent to down 5.5 percent in 1991.

Tractors from 40 to 99 hp: Up a median 5 percent from 1989's 34,918 in 1990 to 36,664 units; up another 2 percent in 1991. The range of 1990 estimates was from up 6 percent to no change; the 1991 range: up 9 percent to down 2 percent.

Tractors of 100 hp and over: Up a median 8 percent to 22,235 units in 1990. The range of estimates was from up 11.8 percent to up 3 per-

(See MARKETERS, pg. 2)

NAEDA Financial Post To Templeton

L.W. "Bill" Templeton is new president and CEO of NAEDA Financial Services, Inc., the cooperative retail financing corporation formed in October by the North American Equipment Dealers Assn.

Templeton most recently was a senior vice president for Deutz-Allis Corp. and earlier had been sales vice president for Kubota Tractor Corp. Before that, he served in marketing functions 25 years for Ford Tractor Co. and one of its distributors. He was president of the FIEI Farm Equipment Div. in 1989.

The new corporation is entering into a limited partnership agreement with Valmont Financial Corp., Omaha, Neb., to form NAEDA Finance Ltd.

Valmont and its parent, Chancellor Corp., have a background in retail financing, leasing and insurance in agriculture and capital goods markets. Valmont will administer the finance portfolio for the

(See TEMPLETON, pg. 2)

NAEDA Finance Co.: Will It Fly?

By BILL FOGARTY

YEAR IN, year out, how profitable is this business for dealers?

Answer: Not very. By general yardsticks of return on investment, dealer profitability over the decades has not been up to the levels of performance of many other fields.

I may get a little tiresome

EDITOR'S NOTEBOOK

sometimes, thumping on data from the Cost of Doing Business studies by NAEDA, the dealer group. But that's where one can get some perspective on what's happened in this game. Look:

Return on investment—net profit as a percent of net worth—has averaged 15.7 percent for agricultural dealers over the past 25 years. For industrial dealers, it has been 21.9

(See DEALERS, pg. 6)

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LETTERS

'I Agree With *Almost* Everything You Say...'

(Editor's preface: This writer asked not to be identified. He was given an early look at Editor's Notebook for January, which prompted this commentary.)

To the editor:

1. I agree with almost everything you say.

2. I would have added Hesston/Fiat (to your list of tractor majors). More comment on market share changes would have been instructive.

3. You comment that dealers don't "belong" to the majors, but you refer to them twice as "major's dealers" instead of dealers.

4. I don't believe that the majors have been "very careful not to violate any state or federal laws concerning restraint of trade." I think they violate them with impunity because there is no one able to challenge them.

5. I think you give too much credit to the majors by saying they're "beginning to think like shortliners." The majors practically *never* have developed products that are not self-propelled. They almost always obtain these products, still, by:

A. Buying a shortliner (Ford/New Holland and Versatile; Hesston/Fiat; Case/Hesston hay products).

B. OEMing a shortliner product.

C. Copying a shortliner product when an acceptable demand has been built (sometimes with self-propelled products; examples: Melroe Bobcat, Steiger and Versatile four-wheelers, copied before they were purchased).

6. I think you missed the most important reason that the end-user buys the shortliner product—*quality and value*. It is rare that a major has the better quality implement than some, most or perhaps all of the shortline competitors—unless, of course, a shortliner made it for him.

7. If a shortline dealer network should sprout up, I don't think it would resemble the profile of a dealership as we know it today.

A. I don't think it would have much inventory. The turn would be paramount. Deliver to order—early, so the trade-in could be sold before the season began.

B. I don't think it would have a repair shop. Most shortline products do not need the sophistication of repair that tractors and combines do. Perhaps a repair person in a service truck. Most farmers can repair shortline equipment themselves.

Perhaps it could be an extension of a NAPA dealership. It would concentrate on demonstration and customer service.

8. I would offer an alternative to the shortline dealers or "alliances" that you propose: That the majors "get religion" and look beyond their arrogance to see that capitalism can really work, if they would let it, to wit:

A. Controlling or attempting to control a market (a dealer's market) *always* results in a smaller market.

B. The farmer is not the major's customer. The *dealer* is.

C. The secret to success for the major is a strong dealer. All the data I've seen say that a single-line dealer does not maximize profits.

D. In a shrinking market, the battle is to expand the customer base of the dealer. Shortlines will bring in customers who are also customers of another major-line dealer. Now you have a new tractor or combine prospect.

E. Selling retail finance contracts and insurance can be just as profitable with competitive equipment as with your own.

F. Competition is the life blood of an economy, even a small one. If a major's product and value is so good, why would he be so afraid of putting it side-by-side for comparison? Doesn't this help force product improvement?

G. If they want company stores, and if they're such a good deal, why don't they go in that direction? To

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INDUSTRY UPDATE

ASAE: Action Needed Fast on Standards

Members of the American Society of Agricultural Engineers are stressing the need to step up efforts to internationalize its standards. The development of a single European market by the end of 1992 (EC-92) is cited as the reason.

Engineers met with Russell Bodoff of the American National Standards Institute recently and agreed to broaden internationalization efforts by:

•Forming a task group within the Cooperative Standards Program (to press ahead with efforts to internationalize North American standards.

•Designing an international standards matrix to show the relationship among ASAE, ANSI and the International Organization for Standardization.

•Convening the task group at each of ASAE's international meetings through 1992, to update CSP constituent companies about its progress in harmonizing ASAE and international standards.

Robert C. Lanphier III (Dickey-john), ASAE president-elect, asked the group: "Do you believe you are going to be involved with selling any product anywhere outside of North America 10 years from today? It's time we think of the world as our supplier and our market. ASAE must help companies compete successfully in the European Community. The matrix and the task group activities will help achieve that goal." □

Landini Sets Up In Ft. Lauderdale

Landini Trattori, the Italian tractor-maker with a recently changed ownership, is basing its North American sales operation at Ft. Lauderdale, Fla., using offices of Massey-Ferguson Export Operations. John Strudwick is sales administrator and Ray T. Doutre is general sales manager.

Landini, founded in Italy in 1884 and a tractor producer for over 60 years, had been a subsidiary company of Massey-Ferguson Ltd. from 1960 until 1989. MF then sold the majority of its shares to EuroBelge, a Luxemburg-based holding company, and kept a minority interest.

Landini supplies MF with components and tractors which are marketed under the MF brand. Early in the 1980s, MF, Inc., began bringing Landini tractors into North America under the Italian label, marketing them to MF dealers on a cash basis with a sales organization based at MF's Columbus, Ohio, branch.

Currently, in addition to using the facilities of MF Export Operations, Inc., in Ft. Lauderdale, Landini uses the MF North American parts distribution system. □

CONSTRUCTION EQUIPMENT

Manufacturers: 'Little or No Growth'

Construction machinery manufacturers expect overall 1990 business to show little or no growth in all markets, following anticipated gains in year-end 1989 shipments, according to a forecast by the Construction Industry Manufacturers Assn.

Manufacturers predict that for 1990 the U.S. market will increase by less than half a percent, the Canadian market will drop 1.1 percent and sales to other world markets will rise 3.1 percent.

Estimated year-end business volume gains in 1989 were 1.9 percent for the United States, 6.3 percent for Canada and 11.3 percent to world markets.

For 1990, sales are expected to be strongest for cranes and excavators, a 7.7-percent rise in the United States, 3.6-percent in Canada and 11.7-percent for other world markets. Earthmoving equipment sales are expected to decline by 3.5 percent in the U.S., 4.8 percent in Canada and 1.7 percent elsewhere. □

Distributors: Sales Pickup Expected

The average U.S. construction equipment distributor expects a 4.7-percent gross sales pickup in 1990, according to a survey by Associated Equipment Distributors. Last year, the AED survey predicted a 3.6-percent sales increase for 1989, which is estimated to have been exceeded by actual results.

Rentals are the leading area of business growth, followed by new equipment sales, used equipment, parts and service. Light equipment distributors, which carry a variety of smaller product lines, are most optimistic, seeing a 7.8-percent sales gain for 1990. Heavy earthmoving equipment distributors and engine dealers anticipate a 3.9-percent increase; general line businesses expect a 4.5-percent hike in 1990 sales. □

1989 Retail Sales End Strong for Most Groups

Farm equipment retail sales in the United States finished 1989 well ahead of 1988 in most product areas reported in the flash report of the Equipment Manufacturers Institute. Only tractors under 40 hp showed a decline. The biggest gainers were the high-dollar items, large tractors, and self-propelled combines.

UNIT RETAIL SALES

Equipment	December 1989	December 1988	% Change	January-December 1989	January-December 1988	% Change
Farm Wheel Tractors:						
2-Wheel Drive						
Under 40 HP	2,203	3,264	(32.5)	46,728	54,741	(14.6)
40 & Under 100 HP	2,640	2,455	7.5	34,916	33,160	5.3
100 & Under 140 HP	615	468	32.3	5,219	4,320	20.8
140 HP & Over	1,834	1,332	37.7	15,369	11,802	30.2
Total 2-Wheel Drive	7,292	7,519	(3.0)	102,231	104,023	(1.7)
4-Wheel Drive						
Under 200 HP	70	123	(43.1)	1,126	998	12.8
200 HP & Over	316	171	84.8	3,026	1,731	74.8
Total 4-Wheel Drive	386	294	31.3	4,152	2,729	52.1
Total Farm Wheel Tractors	7,678	7,813	(1.7)	106,383	106,752	(.3)
Combines (Self-Propelled)	1,013	505	100.6	9,211	5,935	52.0
Rectangular Balers (Bales under 200 lbs.)	203	154	31.8	7,123	3,726	24.7
Forage Harvesters (Shear Bar Type)	118	70	68.6	2,003	2,405	16.7
Mower Conditioners	340	401	(13.2)	13,193	11,043	19.1

OPEI: Shipments Decline in 1989

The Outdoor Power Equipment Institute, made up of lawn and garden equipment makers, has reported that shipments from members to wholesalers and dealers declined in most product areas. Only rotary tillers showed an increase.

Walk-behind power mowers: 5.6 million units in 1988, 5.3 million in 1989.

Front-engine lawn tractors/riding mowers: 812,000 in 1988, 793,000 in 1989.

Rear-engine lawn tractors/riding mowers: 375,000 in 1988, 260,000 in 1989.

Riding garden tractors: 170,000 in 1988, 139,000 in 1989.

Rotary tillers: 285,000 in 1988, 305,000 in 1989.

Said OPEI: "The overall decrease in manufacturers' shipments is attributed to the carryover retail inventory caused by the drought of the 1988 season." □

Canadian Sales, '89: Big Units Did Well

Retail sales in Canada wound up 1989 with a 5.8 percent decline in tractor unit volume, but two-wheelers over 100 hp were up 27 percent at 2,953 and four-wheelers rose 9 percent to 1,454. Total tractor volume finished at 16,228 units, compared with 17,221 a year earlier.

Self-propelled combines were up 37 percent at 1,637; pull-type units went up 142 percent to 631.

Rectangular balers fell 3 percent to 1,400, but round balers went up 5 percent to 3,819 units.

Self-propelled swathers declined by 14 percent to 960 units sold; pull-type swathers rose 16 percent to 1,420.

Forage harvester sales were off 8 percent at 528 units; mower-conditioners were up 4 percent at 3,079. □

Britain's Tractor Sales Down in 1989

Total tractor registrations in the United Kingdom were down 11 percent to 19,948 units in 1989, compared with 22,521 in 1988. The total horsepower of tractors registered in 1989 was 1.7 million, a decline of 10 percent in 1988 levels. The average horsepower per unit, however, was up by 2 percent to 85.

Registrations were in line with expectations based on farm income levels and were close to what is considered a normal annual level of demand for the U.K. market, according to C.J. Evans, economist for the Agricultural Engineers Assn., a manufacturers group.

Sales in 1990, said Evans, are not expected to exceed those of 1989 and may decline slightly if interest rates stay higher than they were in 1989. □

USED EQUIPMENT PROFITABILITY: Good Riddance To A Blue Decade

Year	Used Equip. Sales	Gross Margins on UE Sales		Used Equip. Inventory	Turn-over	Dealership Net Worth	UE Inventory as Percent of NW
		Dollars	Percent				
1979	$454,442	$32,324	7.11	$136,443	3.09	$324,435	42
1980	399,201	28,163	7.05	148,047	2.51	337,179	44
1981	477,616	31,898	6.68	192,842	2.38	362,049	53
1982	441,431	18,382	4.16	209,908	2.02	377,117	56
1983	479,426	19,816	4.13	224,419	2.05	364,263	62
1984	511,480	19,618	3.84	263,602	1.86	428,654	61
1985	452,965	12,929	2.85	227,959	1.93	441,034	52
1986	464,804	17,954	3.86	216,527	2.06	410,546	53
1987	491,255	33,920	6.90	202,629	2.26	427,538	47
1988	572,802	39,612	6.92	199,494	2.67	463,953	43

SOURCE: North American Equipment Dealers Assn. Cost of Doing Business Studies, 1979-1988.

NOTE: Going further back with NAEDA used equipment sales data, in 1978, North American agricultural dealers averaged margins of 7.4 percent, turnover of 2.85 times; in 1977, 8.2 percent, 2.61 turnover; 1976, 7.9 percent, 3.33 turns; 1975, 8.8 percent, 3.99 turns; 1974, 10.9 percent, 4.93 turns; 1973, 15.4 percent, 3.11 turns.

RESOLVED FOR THE 1990S:

Better Margins On Used Stuff

By BILL FOGARTY

IN SOME respects, we're back where we started, and that's not all bad.

Look at the table that comes with this article. It's a 10-year tale of fair to terrible. It reports average dealer performance through the 1980s in the used equipment department. Like a lot of collections of data, it tells a lot and conceals a lot about what happened.

The good news is that dealer margins have moved back up almost to where they were 10 years earlier. Turnover hasn't made that good a comeback, but it's improving from its under-two levels of the mid-1980s.

The bad news is that dealers in general are clearly not in control of the situation. Margins are simply too low on used equipment.

Agreed: Gross margin averages are too low in other operations, too. Parts gross margins are shrinking. Service margins have never been enough to make the NAEDA Cost of Doing Business averages for that department profitable. And dealers have been very sensitive in recent years to downward pressures on *new* equipment sales margins.

But the special thing about used equipment and what it involves is particularly ironic. Dealers will admit that they don't know why the shop loses money. They blame others for the parts-earnings demise. Major manufacturers are held ultimately responsible for the shallow margins on new stuff because of their policies. And so it goes.

But whatever other weaknesses they may have, many of these same dealers regard themselves as pretty good traders. The real fun of the business is to hunker down and bargain with that farmer, get him to agree to a price on a new machine and an allowance on his used machine.

Apparently, however, the farmer is having even more fun than the dealer, to judge from the NAEDA numbers.

How good are those NAEDA numbers? Of course, they can be no better than the data provided from the participating dealers. What's worrisome is that through the history of this business, many dealers have put themselves into serious trouble by overvaluing the used equipment on their lots.

WALTERMAN: "It's getting hard to find good, clean combines now, and it's going to be tight going into 1990."

Seeing the market

We're trying to do two things in this article. One is to give readers, particularly dealers and their sales personnel, a look at where the industry has been and how it got that way. The other is to suggest some fresh ways a dealer might think about his own used equipment situation.

In the opinion of some observers, including the writer, dealers often get in trouble with used equipment by basing trade-in values on what was real in the recent past—but which might have changed radically in a short time.

Example: In the mid-1980s, sales of big tractors and combines fell off precipitously. Manufacturers' inventories built up quickly. It was possible to track the buildup by reviewing publicly available industry retail sales data from the Equipment Manufacturers Institute (then the FIEI).

It shouldn't have been too much harder to get an idea of what was happening with late model used machines. A few trips to farm sales and regularly scheduled auctions could establish a lot about current values. Efforts at reselling repossessed units might have told even more.

Con Clement, a veteran used equipment operator based at Grand Meadow, Minn., told *I&T* in those days that for every dollar the manufacturer discounted the price of a new machine, the value of the same model used went down two dollars. The writer has put this rule of thumb to other veteran watchers of the used equipment market and found them in agreement.

Another reason used equipment has traditionally led so many dealers into bad financial positions is this: If you deal in much high-ticket stuff at all, you have to do your homework to keep up with changing values. It's a never-ending requirement for profitable operation. If the dealer doesn't do the keeping up, somebody else in the organization has to. Or contacts with people who do know must be maintained.

Ed Walsh, the veteran consultant for dealers, himself a former dealership manager, believes that dealers should get as much margin from used equipment sales as from new. We asked Walsh recently if that was because used is generally more risky and troublesome to work with than new.

"That's part of it," he replied. "It's mostly because it's possible to make more margin from used than new if it's managed right."

Back to the NAEDA averages: That's only happened once in the past two decades—that wild and crazy year of 1973 when everyone